

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:	§	
	§	Chapter 11
	§	
FIELDWOOD ENERGY LLC, et al.,	§	Case No. 20-33948 (MI)
	§	
Debtors.¹	§	(Jointly Administered)
	§	

**DECLARATION OF CLAYTON GRING IN SUPPORT OF CONFIRMATION OF THE
FOURTH AMENDED JOINT CHAPTER 11 PLAN OF
FIELDWOOD ENERGY LLC AND ITS AFFILIATED DEBTORS**

I, Clayton Gring, pursuant to 28 U.S.C. § 1746, hereby declare under penalty of perjury that the following is true and correct to the best of my knowledge, information, and belief:

1. I am a Managing Director with AlixPartners, LLP (“**AlixPartners**”), an internationally-recognized consulting firm that has a wealth of experience in providing restructuring advisory services both in and out-of-court, and enjoys an excellent reputation for services it has rendered in large and complex chapter 11 cases on behalf of debtors and creditors throughout the United States. On October 6, 2020, the Bankruptcy Court entered an order approving the retention of AlixPartners as financial advisors to Fieldwood Energy LLC and its direct and indirect subsidiaries (the “**Company**”) (ECF No. 412). I am knowledgeable about and familiar with the Company’s businesses and financial affairs.

2. I submit this declaration (the “**Declaration**”) on behalf of AlixPartners in support of confirmation of the Debtors’ *Fourth Amended Joint Chapter 11 Plan of Fieldwood*

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Dynamic Offshore Resources NS, LLC (0158); Fieldwood Energy LLC (6778); Fieldwood Energy Inc. (4991); Fieldwood Energy Offshore LLC (4494); Fieldwood Onshore LLC (3489); Fieldwood SD Offshore LLC (8786); Fieldwood Offshore LLC (2930); FW GOM Pipeline, Inc. (8440); GOM Shelf LLC (8107); Bandon Oil and Gas GP, LLC (9172); Bandon Oil and Gas, LP (9266); Fieldwood Energy SP LLC (1971); Galveston Bay Pipeline LLC (5703); and Galveston Bay Processing LLC (0422). The Debtors’ primary mailing address is 2000 W. Sam Houston Parkway S., Suite 1200, Houston, TX 77042.

Energy LLC and Its Affiliated Debtors (ECF No. 1284) (including any exhibits and schedules thereto and as may be further amended, supplemented, or modified, the “**Plan**”) and any supplements thereto.

3. Except as otherwise indicated, all statements in this Declaration are based on (a) my personal knowledge of the Debtors’ operations and finances, (b) my review of relevant documents, (c) information provided to me by AlixPartners employees working under my supervision, (d) information provided to me by, or discussions with, the members of the Debtors’ management team or their other advisors, and (e) my opinion based upon my experience as a restructuring professional. If called to testify, I could and would testify to each of the facts set forth herein. I am not being compensated specifically for this testimony other than through payments received by AlixPartners as a professional retained as the Debtors’ restructuring advisor in these Chapter 11 Cases.

4. Based on my personal involvement in the claims review process, I believe that the Plan satisfies § 1129(b) with respect to all holders of Claims in Class 1 that voted to reject the Plan.

5. Five groups of companies received class 1 ballots and voted to reject the Debtors’ Plan:

- Burlington Resources Offshore, Inc. (“**Burlington**”), ConocoPhillips Co. (“**Conoco**”), and Louisiana Land & Exploration Co., LLC (“**Louisiana Land**,” collectively with Burlington and Conoco, “**COPC**”)
- Ecopetrol America LLC (“**Ecopetrol**”)
- McMoRan Oil & Gas LLC (“**McMoRan**”)
- Valero Marketing and Supply Co. (“**Valero**”)
- W&T Offshore, Inc. and W&T Energy VI, LLC (collectively, “**W&T**”)

6. Burlington, Conoco, Louisiana Land, Ecopetrol, McMoRan, Valero, and W&T (the “**Rejecting Claimants**”) filed numerous claims, most of which are overlapping multi-Debtor claims. The following table identifies all of the Rejecting Claimants’ asserted claims:

Creditor	Claim #	Asserted Secured	Type	Asserted Debtor
Burlington	608	0	U	Fieldwood Energy LLC
Burlington	607	0	U	Dynamic Offshore Resources NS, LLC
Burlington	610	0	U	Bandon Oil and Gas, LP
Burlington	611	0	U	Fieldwood Energy Offshore LLC
Burlington	528	0	U	Fieldwood Energy SP LLC
Conoco	602	0	U	Fieldwood Energy LLC
Conoco	596	0	U	Bandon Oil and Gas, LP
Conoco	594	0	U	Dynamic Offshore Resources NS, LLC
Conoco	593	0	U	Fieldwood Energy Offshore LLC
Conoco	599	0	U	Fieldwood Energy SP LLC
Conoco	597	0	U	Fieldwood SD Offshore LLC
Conoco	527	0	U	GOM Shelf LLC
Ecopetrol	455	\$7,075,685	U	Fieldwood Energy LLC
Ecopetrol	489	0	U	Fieldwood Offshore LLC
Ecopetrol	505	0	U	Fieldwood Energy Offshore LLC
Ecopetrol	512	0	U	Fieldwood Energy LLC
Ecopetrol	536	0	U	Dynamic Offshore Resources NS, LLC
Ecopetrol	537	0	U	Fieldwood Energy LLC
Ecopetrol	538	0	U	Fieldwood Onshore LLC
Ecopetrol	539	0	U	Fieldwood Onshore LLC
Ecopetrol	540	0	U	Fieldwood Energy Offshore LLC
Ecopetrol	541	0	U	Fieldwood Energy Inc.
Ecopetrol	542	0	U	GOM Shelf LLC
Ecopetrol	543	0	U	FW GOM Pipeline, Inc.
Ecopetrol	544	0	U	Fieldwood SD Offshore LLC
Ecopetrol	545	0	U	Fieldwood Energy SP LLC
Ecopetrol	546	0	U	Bandon Oil and Gas, LP
Ecopetrol	547	0	U	Bandon Oil and Gas GP, LLC
Ecopetrol	548	0	U	Galveston Bay Processing LLC
Ecopetrol	549	0	U	Galveston Bay Pipeline LLC
Ecopetrol	716	0	U	Fieldwood Energy Offshore LLC
Ecopetrol	756	0	U	Fieldwood Energy LLC
Louisiana Land	598	0	U	Dynamic Offshore Resources NS, LLC
Louisiana Land	606	0	U	Fieldwood Energy LLC

Creditor	Claim #	Asserted Secured	Type	Asserted Debtor
Louisiana Land	605	0	U	Fieldwood Energy Offshore LLC
Louisiana Land	600	0	U	Fieldwood Energy SP LLC
Louisiana Land	603	0	U	GOM Shelf LLC
McMoRan	509	0	U	Dynamic Offshore Resources NS, LLC
McMoRan	473	\$64,471,718	U	Fieldwood Energy LLC
McMoRan	533	0	U	Fieldwood Energy Offshore LLC
McMoRan	532	0	U	Fieldwood SD Offshore LLC
McMoRan	531	0	U	Fieldwood SD Offshore LLC
McMoRan	530	0	U	Fieldwood Energy LLC
McMoRan	509	0	U	Dynamic Offshore Resources NS, LLC
Valero	709	\$2,102,554	U	Fieldwood Energy LLC
W&T	555	\$342,000,000	U	Fieldwood Energy LLC
W&T	571	\$415,000,000	U	Fieldwood Energy LLC
W&T	556	\$342,000,000	U	Bandon Oil and Gas, LP
W&T	563	\$342,000,000	U	Dynamic Offshore Resources NS, LLC
W&T	562	\$342,000,000	U	Fieldwood Energy LLC
W&T	566	\$342,000,000	U	Fieldwood Energy Offshore LLC
W&T	567	\$342,000,000	U	Fieldwood Energy SP LLC
W&T	570	\$342,000,000	U	GOM Shelf LLC
W&T	573	\$415,000,000	U	Dynamic Offshore Resources NS, LLC
W&T	576	\$415,000,000	U	Fieldwood Energy SP LLC
W&T	575	\$415,000,000	U	Bandon Oil and Gas, LP
W&T	572	\$415,000,000	U	Fieldwood Energy Offshore LLC
W&T	574	\$415,000,000	U	GOM Shelf LLC

A. COPC

7. All of the COPC claims assert contingent claims against one or more Debtors related to the Debtors' decommissioning and P&A obligations. Each of the claims is marked as "unliquidated" and fails to identify any secured amounts owed by the applicable Debtor. None of the COPC claims assert that the claimant made any payments on account of the Debtors' decommissioning and P&A obligations. All of the claims rely on the same 72 leases on the Outer Continental Shelf of the Gulf of Mexico for their security. COPC claims also assert rights arising out of any obligations under applicable operating agreements, purchase and sale agreements,

indemnity agreements and other related contracts, including joint interest billings.² These claims are asserted without a specified dollar amount.

8. The Debtors' interest in each of thirty-eight leases will be allocated or assigned, as applicable, in their entirety to either FWE I (36), FWE IV (1), or Credit Bid Purchaser (1). The Debtors' interest in each of eighteen leases will be allocated and assigned between both FWE I and Credit Bid Purchaser. The Debtors' interest in each of four leases will be allocated between both FWE I and FWE IV. The Plan is designed to satisfy the Debtors' proportionate share of P&A obligations associated with the lease interests being allocated to FWE I and FWE IV or assigned to Credit Bid Purchaser as the costs of such obligations come due. Thus, any contingent claims on account of such P&A obligations associated with the aforementioned leases do not require a reserve for secured claims.

9. The Debtors' interest in at least two leases will be abandoned.

10. The Debtors' interest in each of nine leases will be allocated between both FWE I and abandoned:

Lease	Contract No.
438	79
G02110	321
G22679	1868
G02754	178
G02372	1871
G02366	1870
G02750	178
G03171	1312
G02825	366

² Per the *Final Order (I) Authorizing Debtors to Pay (A) Prepetition Interest Owner Obligations, Joint Interest Billings, and E&P Operating Expenses and (B) 503(b)(9) Claims; and (II) Granting Related Relief* (ECF No. 342), the Company is authorized to pay operators for unpaid prepetition JIBs. The Debtors have been paying undisputed prepetition and postpetition amounts related to their operating agreements in the ordinary course.

11. For one of the leases identified in the proofs of claim—G04264—substantially all decommissioning expense has already been incurred.

B. Ecopetrol America LLC

12. Ecopetrol's asserted claims for specific dollar amounts are based on vendor liens from eight different vendors for a total of \$7,075,685. The Debtors have fully and finally resolved all prepetition amounts owed to certain vendors, thereby eliminating five underlying vendor claims for a total of approximately \$1.2 million. After removing the claims that have already been satisfied, Ecopetrol's claim is reduced to \$5,882,895, as set forth in the table below.

Vendor	Amount (\$)
Atlantic Maritime Services LLC	5,824,745
National Oilwell Varco, L.P.	Unknown
Newpark Drilling Fluids, LLC	4,070
PRT Offshore	247,500
Tetra Technologies, Inc.	898,577
Wild Well Control, Inc.	6,750
Wood Group PSN, Inc.	54,080
Workstrings International, L.L.C	39,963
<u>Total</u>	7,075,685
<i>Total excl. Satisfied</i>	5,882,895

With respect to the vendors in the table above other than Atlantic, Newpark Drilling Fluids, LLC and Wood Group PSN, Inc., these claims have been satisfied. Ecopetrol also preserved its rights to assert rejection damage claims or claims arising from breach of contracts. These claims were asserted without a specified dollar value.

13. Based on my understanding, Ecopetrol's claims are only secured by the Debtors' proportionate share of the working interest in the applicable leases, which is 58.9%. Thus, the maximum secured claim potentially owed to Ecopetrol is \$3,467,161.

C. McMoRan Oil & Gas LLC

14. McMoRan asserts six claims for all rights arising out of any obligations from agreements with the Debtors including JIB related claims, any claims arising out of a personal injury case that McMoRan and the Debtors are both a party to, and contingent claims for the Debtors' decommissioning and P&A obligations. All of the claims are unliquidated. Claim 473 is recorded in the claims register for a dollar amount of \$64,471,718, and this amount is related to a BSEE decommissioning estimate for certain leases. The P&A obligations are unfunded in that McMoRan has not yet made any payments on account of the obligations. All of the claims rely on the same 10 leases for their security.

15. The Debtors' interest in each of four leases will be allocated in their entirety to FWE I. The Plan is designed to satisfy the Debtors' proportionate share of P&A obligations associated with the lease interests being allocated to FWE I as the costs of such obligations come due. Thus, any contingent claims on account of such P&A obligations associated with the aforementioned leases do not require a reserve for secured claims.

16. The Debtors' interest in at least two leases will be abandoned.

17. The Debtors' interest in one lease—G02372 (Contract No. 1871)—will be allocated between both FWE I and being abandoned.

18. Three of the leases identified in the proofs of claim—G03118, G02712, G00190—are shown as having a zero dollar decommission estimate in the publicly available BSEE records.

D. Valero Marketing and Supply Co.

19. Valero's claim for security is based wholly on an alleged right to offset mutual prepetition debts. Because no separate funding would be required to meet the offset, the claim is valued at zero for purposes of calculating reserves.

E. W&T Offshore, Inc.

20. W&T's claims asserts contingent claims against one or more Debtors related to the Debtors' decommissioning and P&A obligations. W&T also asserts the right to claim for obligations arising from agreements with Fieldwood including joint interest billings, and these assertions were made without a specified dollar amount. The two non-duplicative claims are unliquidated and assert claims related to decommissioning of either \$342,000,000 or \$415,000,000, with the total amount asserted being \$4,884,000,000 because of duplication (*i.e.*, this number is the sum of what appear to be numerous duplicate proofs of claim). The P&A obligations are unfunded in that W&T has not yet made any payments on account of the obligations. W&T did not provide a list of leases it believes secures its interests. Based on the Debtors' records, the Debtors were able to identify thirty-nine leases where W&T is either co-working interest owner or predecessor in interest.

21. The Debtors' interest in each of twenty-six leases will be allocated in its entirety to FWE I. The Debtors' interest in each of five leases will be assigned in its entirety to Credit Bid Purchaser. The Debtors' interest in each of five leases will be allocated and assigned, as applicable, between both FWE I and Credit Bid Purchaser (1), FWE I and FWE III (1), or FWE I and FWE IV (3). The Plan is designed to satisfy the Debtors' proportionate share of P&A obligations associated with the lease interests being allocated to FWE I, Credit Bid Purchaser, FWE III, and FWE IV as the costs of such obligations come due. Thus, any contingent claims on account of such P&A obligations associated with the aforementioned leases do not require a reserve for secured claims.

22. The Debtors' interest in each of three leases will be split between allocation to FWE I and being abandoned:

Lease	Contract No.
G01030	131
G01038	131
G22762	1902

F. Summary

23. The following table summarizes the above claimants:

Creditor	Amount Asserted	Amount Included in Secured Claim Estimates	Rationale for Reduction
Burlington	0	0	Contingent decommissioning claim for future decommissioning work; other asserted claims contingent in nature
Conoco	0	0	Contingent decommissioning claim for future decommissioning work; other asserted claims contingent in nature
Ecopetrol	\$7,075,685	\$3,467,161	Other vendors satisfied; limitation of the claim to the Debtors' share of the working interests, other asserted claims contingent in nature
Louisiana Land	0	0	Contingent decommissioning claim for future decommissioning work; other asserted claims contingent in nature
McMoRan	\$64,471,718	0	Contingent decommissioning claim for future decommissioning work; other asserted claims contingent in nature
Valero	\$2,102,554	0	No separate funding is required to meet offset; no reserve necessary
W&T	\$4,884,000,000	0	Contingent decommissioning claim for future decommissioning work; other asserted claims contingent in nature
TOTAL	\$4,957,649,957	\$3,467,161	

Dated: June 16, 2021
Houston, Texas

/s/ Clayton Gring
Clayton Gring